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Federal Reserve Board  
Reference Docket No. R-1364  
CARD Act Amendments to TILA

Gentlemen;

I would like to express some concerns over the Regulation Z interim final rules as currently scheduled to take effect on August 20<sup>th</sup>, 2009. Specifically, we are concerned with the application of portions of these rules beyond the original scope of "Credit Cards."

Like many credit unions, we utilize a multi-feature open end lending plan with our membership, where we enter into an ongoing lending relationship with our members and extend a number of distinct advances, often for a set amount and purpose and at a fixed rate and fixed fully amortizing payment.

As originally contemplated, the provisions of these changes (the "CARD Act") were intended to provide better and more timely information on rate and payment changes to credit card holders, providing a meaningful benefit to the consumer. One of those provisions call for a statement to be mailed at least 21 days prior to the due date in order to be able to consider a loan payment late. Since a credit card is likely to have a varying payment amount as the loan balance changes, having information on that payment with sufficient time to make a payment is important for the consumer, and we support the application of those rules to credit cards as originally envisioned. Indeed, we have our credit cards in compliance with those provisions.

The problem from our vantage point is the use of the language "open-end consumer credit" in the portion of the rule regarding the providing of statements 21 days prior to the due date. This was new language in the May 09 version of the CARD act rule. Using this term, instead of "credit card" as was used elsewhere, now applies this rule to our multi-feature open end loans, with a number of detrimental effects that add cost to the lending process (which will ultimately be passed on to our member/owners) without any real corresponding benefit. Indeed, it will lead to further inconveniences to our members.

Simply to implement the "short period of time" element of the interim rule will cost our credit union approximately \$8,000 per month to comply.

In order to be in compliance with the rule as currently written (after the "short period of time") requires us to choose between unsatisfactory options.

As a cost savings measure and for member convenience, like most credit unions we issue a combined statement listing all of a member's account relationships with the credit union (deposits and loans) at the end of each month. (And as a member owned cooperative, those cost savings benefit the credit union and all of our members) When members take out a car loan or a term unsecured loan with their open-end lending plan, they often request a specific due date to coincide with their pay periods, to allow for easier budgeting.

To comply with the rule, one option is to mail out separate statements on loans 21 days or more in advance of the due date. These statements would only restate the payment amount that was set at the time the advance was taken—indeed, in some cases the member already has a payment book for those payments. Postage alone would be over \$.40/month per loan, all to provide a sheet of paper with due date information already in their possession, and which would be repeated on their month end combined statement.

The other alternative would be to move all loan due dates to a date more than 21 days after the common statement date of month end, and require all future loans to have that uniform due date. While this would avoid the ongoing mailing expense, it would force borrowers to a due date different than what they may have originally requested. Granted, they can still pay on any date they prefer, but we will be confusing and confounding huge numbers of borrowers who won't understand why such a change is occurring—there is no benefit they are receiving. We aim to provide financial solutions tailored to a member's needs, and requiring one set due date is a step backwards.

I can understand how this issue may not have been noticed during drafting prior to May—use of multi feature open end lending is largely a credit union process, since as member owned cooperatives we have a different relationship with our member/borrowers than other lenders. The intent of this rule was to benefit the consumer, and as relates to credit cards the 21 day requirement does that. However, when applied to advances under our open end plans of a fixed rate, non-revolving, fixed payment nature, it provides no benefit to the borrower and offers decreased convenience and utility along with increased costs.

I would strongly recommend the rule be modified back to its original form and intent, and apply the 21 day statement requirement only to credit card loans.

Thank you for your consideration.

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